

Air Force IT Commodity Council

One Air Force - One Network - One IT Strategy



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ITCC Processes, Issues, Solutions and Results

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One Air Force...One Network...One IT Business Strategy



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Road Map

- Commodity Council Overview
- Commodity Council Process
- Lessons Learned
- QEB Process
- Lessons learned
- Results



BACKGROUND

ITCC VISION/MISSION

- Vision:

One Air Force...One Network...One IT Business Strategy

Mission:

Develop IT commodity strategies which shape Air Force buying and asset management behavior in order to leverage Air Force buying power and reduce total cost of ownership.



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BACKGROUND: Strategic Objectives

- Develop strategies to shape AF purchasing patterns that leverage spend
 - Demonstrate measurable reduced “Total” IT cost
 - Achieve technical compliance
 - Ensure alignment between Air Force policy and strategies
 - Manage vendor/supplier relations to obtain top performing vendors, highest quality products, at the best value for each commodity category
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Commercial IT Market Domain

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and commodity strategies for commercial IT products and services that are normally not part of a weapon system

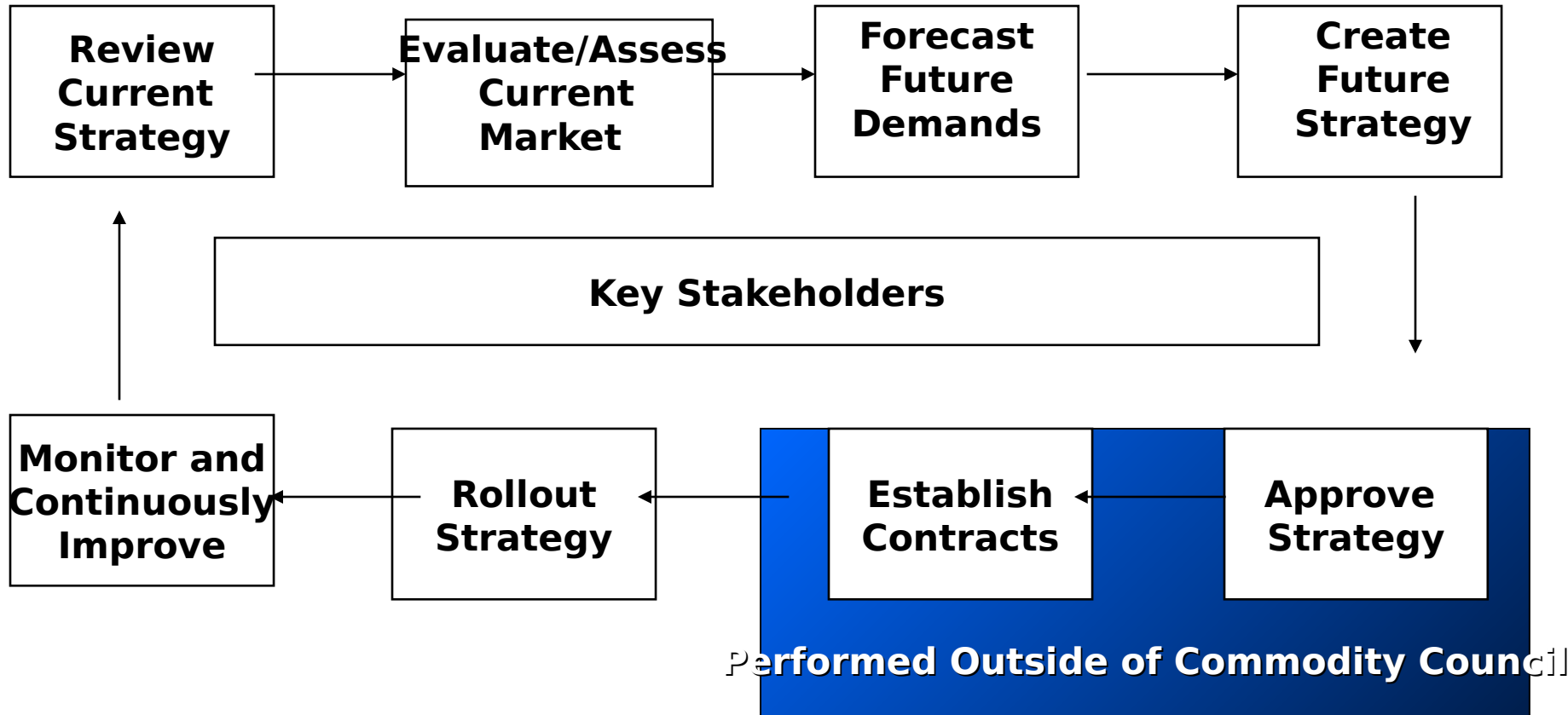
HARDWARE				IT SERVICES		SOFTWARE		TELECOM	
Client Computing	Enterprise Computing	Storage Sub-systems	Digital Document & Imaging	Product Support	Professional Services	Infrastructure Software	Application Software	Telecom Equipment	Telecom Services
Personal Computers	Servers	Raid-Based Storage Systems	Copiers	Hardware Maintenance & Support	Consulting Development & Integration	Applications Development & Middleware	Front Office/CRM	Infrastructure Equipment	Fixed Voice Services
Workstations	Server Application	Storage Network Infrastructure	Printers	Software Maintenance and Support	Process Management	Information Management	Back Office/ERP & Supply Chain	Enterprise Equipment	Fixed Data Services
Personal Digital Assistants		Storage Management Software	MFDs		IT Management	Systems & Network Management	Engineering	Mobile Handsets	Mobile Telecom Services
		Other Storage Subsystems							Wholesale/Carrier Services

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Strategy Development Process



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ITCC GOVERNANCE Organization

Core Members

Commodity
Strategy
Official

Mr. John Gilligan
Mr. Charlie Williams

Director

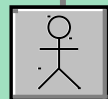
Ken Heitkamp

Deputy
Director

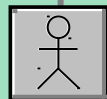
Lt Col Tom Gaylord



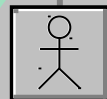
Commodity
Project
Manager



Core
Commodity
Expert



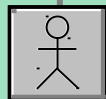
Business
Requirements
Analyst



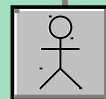
Commodity
Market
Research
Analyst



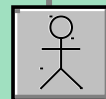
Supply Chain
Risk & Production
Analyst



Small
Business
Consultant



Warrant
Authority &
Procurement
Analyst



JAG



**MAJCOM &
Functional
Reps**

Advisors

- AF-CIO/PT
- SAF/AQCA
- DoD ESI WG
- EXCOM
- JAG
- Commodity Regulatory Expert
- Standards & Architecture Experts
- Business Process Analysts
- Commodity Experts
- Policy Experts
- Industry Commodity Consultants
- HQ AF Commodity User Reps
- Org Change Mgr & Training for ITCC Process
- Commodity Cost & Pricing Data Analyst
- Economic Analyst
- Financial Analyst

MAJCOM/Functional Reps/ Commodity Stakeholders

ACC	AFSPC	AF/IL
AETC	ANG	AF/XIC
AMC	PACAF	AF/XIW
AFMC	USAFE	SAF/AQC
AFRC	AF/SG	AF-CIO
AFSOC	AF/FM	SSG
		AFCA

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ITCC Lessons Learned

- Change/Culture Management & Communication Planning is critical--"It's a BIG Air Force"
- Not just contracting strategy--commodity strategies must include buying and lifecycle management strategies
- Internal and external communication is key
- MAJCOM/Functional buy-in is a vital piece of the process
- Small business strategy continues to be a challenge

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ITCC Lessons Learned

- Air Force lacks a spend management data collection/reporting capability
- Current DD-350 and other data sources not adequate for SB analysis (lack fidelity & data is corrupt)
- Don't try to solve world hunger in spiral's first iteration--Keep moving quickly--otherwise the bureaucracy will slow you down



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Quarterly Enterprise Buy Process

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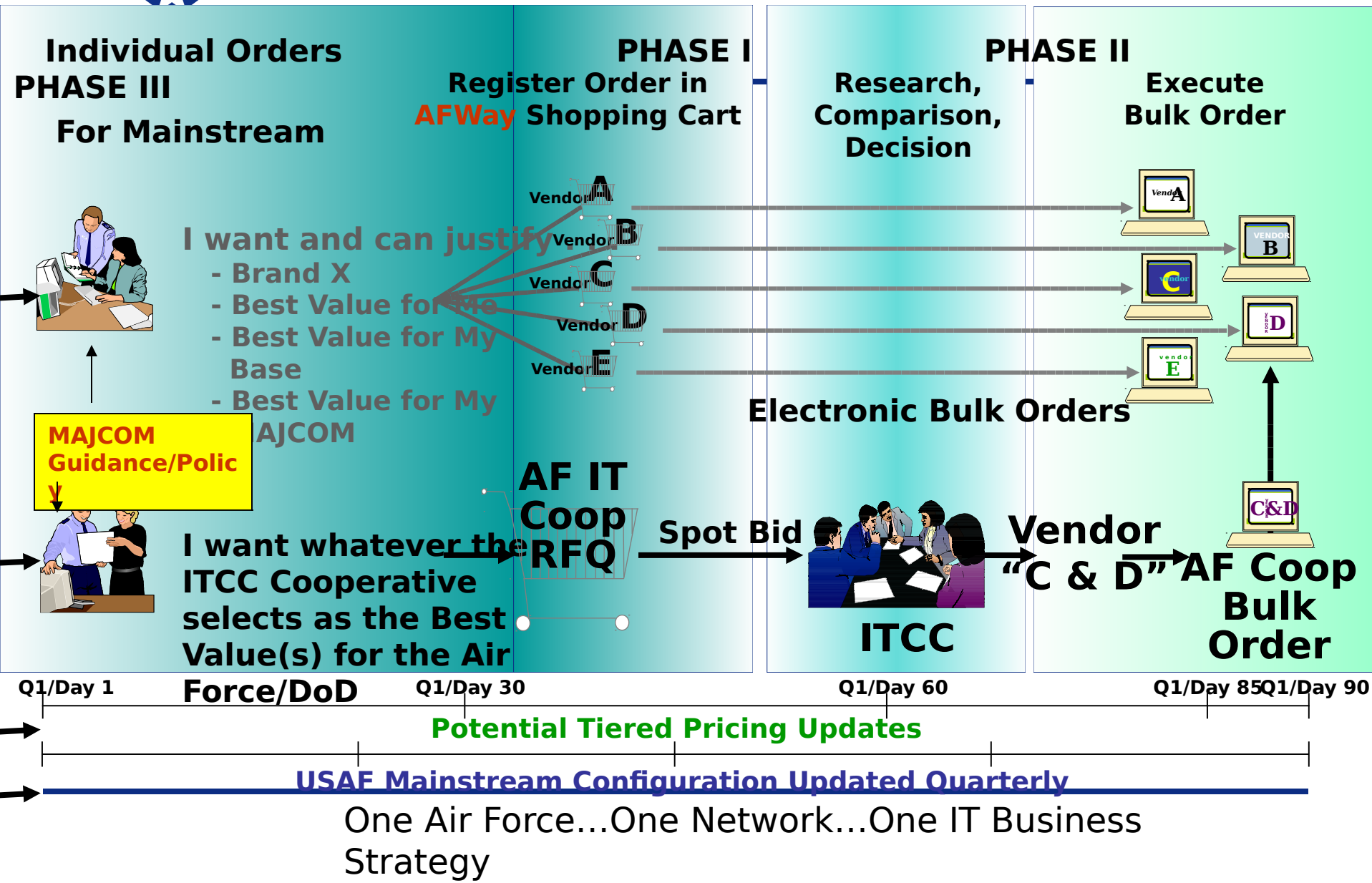
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QEB Concept

- Execution team is not commodity council
- Use AF-approved configurations
- Establish tiered prices
- Consolidate requirements AF-Wide
- Compete requirements as an enterprise
- Centralized ordering
- Data into AFWAY



QUARTERLY ENTERPRISE BUY PROCESS

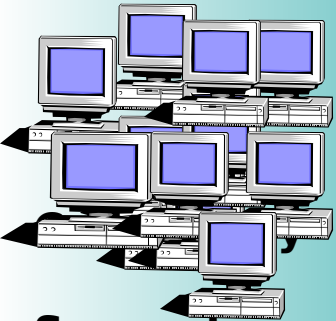




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Air Force Buying Strategy

Mainstream Computers



Support

Enterprise
Managed

World Wide

80% of AF Needs
Large Capacity

Specialized Computers



Services

Requirements

Support

Value Added

High End

Local/Regional

Enterprise
Quarterly
Buy
6% SB Goal

Centrally
Unmanaged
Requirements
6% SB Goal

Enterprise BPAs
4 Large Direct OEM
2 SB Resellers
1 SB OEM

• Regional/Local
Contracts
through
AFWay

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Current Quarterly QEB Time Cycle

Each Quarter has roughly 60 business days

- Day 0 - iTRM AF Configuration Received
- Day 1 - Issue "Tiered" pricing RFQ to vendors
- Day 7 - Tiered Proposals Due
- Day 15 - Data collection tool window open
- Day 33 - Data collection tool closes (freeze date)
- Day 35 - Order validation reports to MAJCOMs
- Day 37 - MAJCOM Validation
- Day 38 - Issue "Spot" bid RFQ
- Day 44 - "Spot" proposals due
- Day 47 - Commodity Council Cooperation decision
- Day 48 - Due Bill transmission
- Day 50 - Funding Due
- Day 50-60 - Orders Awarded
- Day 61 - See Day 0

Target: window expansion.

Goal: more field input time.

Key Points

- High speed
- Lots of players
- Requires close vendor coord.
- Planned rhythm helps

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QEB Lessons Learned

- Communication to the field key
 - PK/SC/FM/ECO's.....
- MAJCOM policy support is imperative
 - Mutual support
- Ford vs Chevy-Acquisition by urban legend
 - A "Personal" computer isn't
- People will not read information/directions



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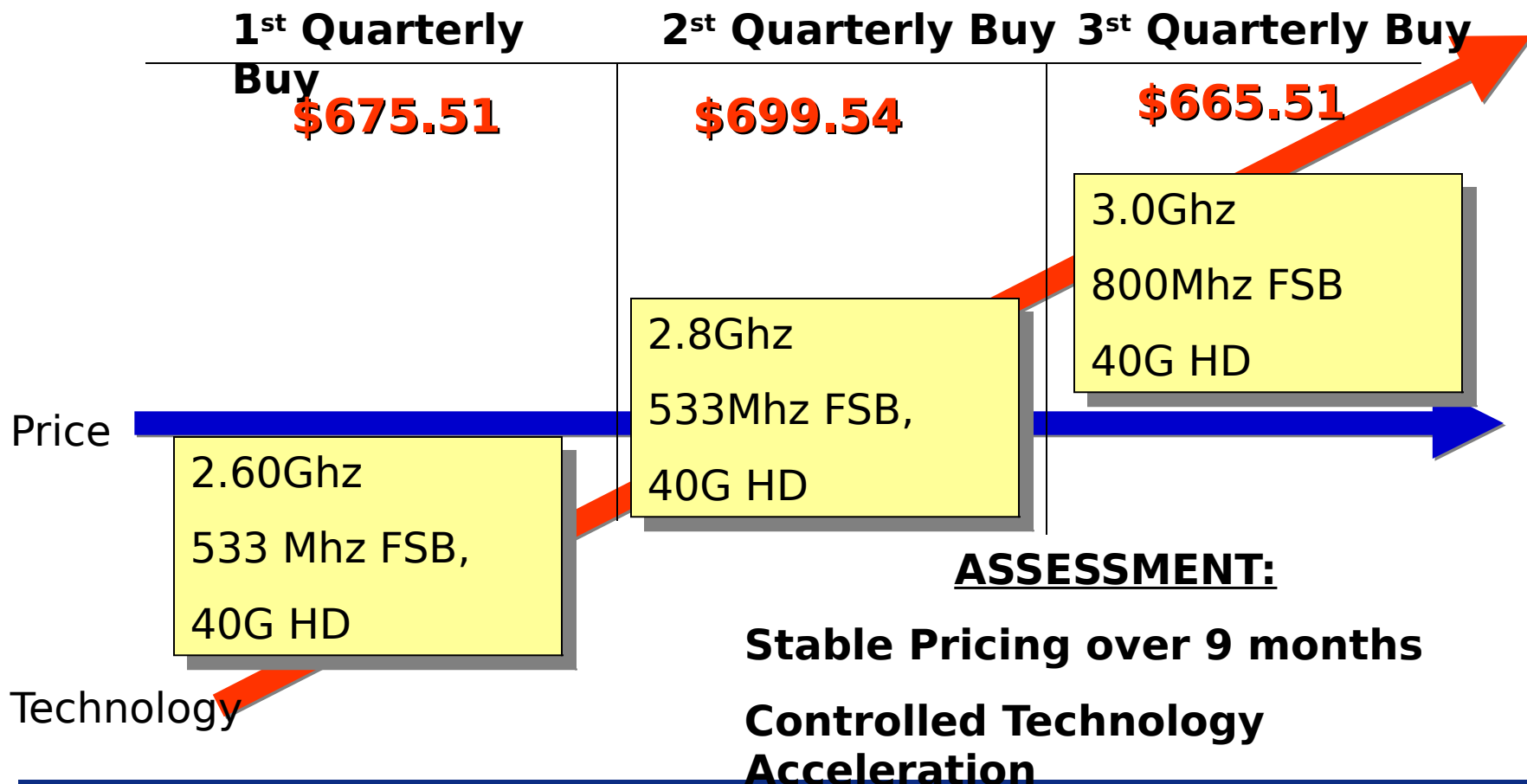
QEB lesson learned

- “Vicious” industry competition
- Internal document control
- Order structure- Individual vice jumbo
- Data loops - - repetition of information
 - Email confirmation, tools
 - Need order tracking visibility at unit level
- Delivery issues

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Small Form Factor Computer (AF-Preferred) Comparison



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Real Results

Will be
Updated with
QEB0403 data
Current sales
are \$17M+

	Totals			
	% to SB	# of Computers	Total Cost	Est. Cost Avoidance
FY03				
QEB EOY FY03	6.1%	30250	\$23,355,442	\$6,513,286
FY03 Total	6.1%	30250	\$23,355,442	\$6,513,286
FY04				
QEB #0401	4.0%	3444	\$5,191,217	\$855,771
QEB #0402**	19.2%	14514	\$13,877,754	\$2,755,027
FY04 Total	15.1%	17958	\$19,068,971	\$3,610,798
Grand Totals**	10.1%	48208	\$42,424,413	\$10,124,084

Formula:
QEB 1ea, no
options
Compared
to 1 ea
price
commercially
available.
The delta is
multiplied
by # of
units and
then moved

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General Commodity Council Strategy Implementation Ideas

- Know your commodity
 - Commercial standards/practices
 - How it is bought/sold
- Requirements collection
 - How/what/when
- Reporting requirements -- Distinct increase in data demands with centralized ordering office



Bottom line

- Commodity Councils work
- They take detailed planning and communication upfront
- You will get quantifiable results